



The President's Daily Brief

July 11, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

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Syrian-Israeli

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Cypriot President Makarios has refused to back down in his efforts to reduce Greek influence on the island, thus deepening the crisis between the two states. (Page 4)

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The developing dialogue on EC-Arab cooperation has not prevented individual EC countries from trying to work out extensive bilateral arrangements. (Page 5)

Indonesian President Suharto is said to be considering extensive cabinet changes in order to increase his personal control over the bureaucracy and reduce the influence of Western-trained technocrats. (Page 6)

President Echeverria of Mexico today begins a swing through five South American capitals in an effort to boost his prestige and strengthen Mexico's ties. (Page 7)

France
India. (Page 8)

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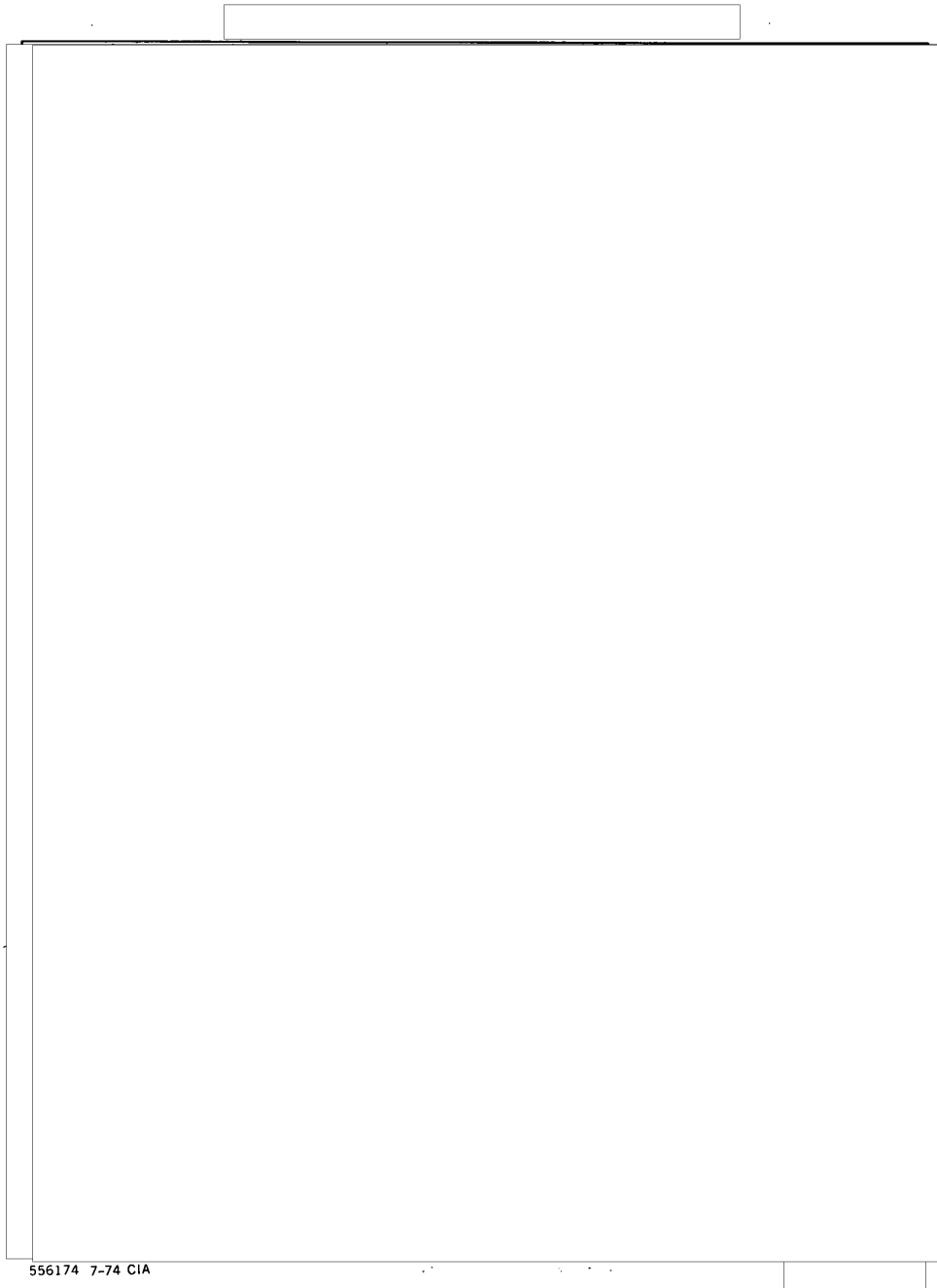
The South Korean government has released the Catholic bishop it arrested four days ago. (Page 8)

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SYRIA-ISRAEL

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FOR THE PRESIDENT ONLY**USSR-EGYPT**

The USSR has suddenly postponed the visit to Moscow on July 15 of Egyptian Foreign Minister Fahmi. Fahmi announced in Cairo today that Soviet party boss Brezhnev said in an "urgent message" that the visit should be put off until October because "circumstances" prevented adequate preparations.

The postponement is particularly surprising since it comes against a background of somewhat warmer Egyptian-Soviet relations. Soviet officials had been looking forward to the Fahmi visit as an opportunity to discuss outstanding Soviet-Egyptian differences.

the Fahmi visit could lead to a Soviet-Egyptian summit. One of Fahmi's objectives apparently was to arrange such a meeting.

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The cancellation may be the result of Soviet unwillingness to make hard decisions regarding the resumption of military aid to Cairo and the venue of a Brezhnev-Sadat meeting, or of a very recent switch toward a tougher line toward the Egyptians.

It appears equally possible, however, that the cancellation stems from considerations broader than Soviet-Egyptian relations. The Soviets on July 2 canceled--only five days before he was to be in Moscow--a visit by Pakistani Prime Minister Bhutto. A visit by Indonesian Foreign Minister Malik slated for mid-July was also put off. These last-minute cancellations pertain to the same period--mid-July--and in all three cases the Soviets have cited the press of other business as necessitating the postponements.

A Central Committee plenum apparently has been scheduled for July 23-24. If it is to be more than a routine affair, the Soviets might not want to be saddled with important foreign visitors. The French foreign minister is due in Moscow tomorrow, however, and Brezhnev is going to Poland for a ceremonial visit just before the plenum.

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CYPRUS-GREECE

President Makarios has refused to back down in his efforts to reduce Greek influence in Cyprus. His attitude is likely to deepen the crisis that has been developing between the two states in recent weeks. For a variety of reasons, including Greece's current dispute with Turkey over mineral rights in the Aegean, Makarios may feel he can safely push his demands now without risking an attempt by Athens to overthrow him.

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Greek military officers in Cyprus are divided on the issue; a majority reportedly favor total withdrawal from the island, while the rest are said to favor defying Makarios.

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Greek strongman Ioannidis still appears uncertain of what course to take. Athens does not seem to have the assets in place to overthrow Makarios, but an attempt by the Greek junta to remove Makarios one way or another cannot be ruled out.

The Turkish Foreign Ministry is taking a relaxed view of the crisis, confident that Makarios can maintain himself in power. It does not believe that Turkish interests would be either threatened or advanced by a clash between Makarios and Athens, but believes there is always a possibility that members of EOKA, which favors uniting Cyprus with Greece, might take action against the Turkish community on the island. The Turks view a Greek Cypriot - commanded National Guard as no more dangerous to the Turkish community than a guard under the command of pro-enosis mainlanders.

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EC - ARAB STATES

The developing dialogue on EC-Arab cooperation has not prevented individual EC countries from trying to work out extensive bilateral arrangements.

With the lifting of the oil embargo against the Netherlands, a long-pending meeting between selected EC and Arab leaders has been set for July 31 in Paris. The participants will try to agree on areas of cooperation that have thus far been treated only in broad terms. By the end of the year, groups of experts are expected to begin serious work on outlining specific development projects.

Meanwhile, both West Germany and Denmark are pushing large-scale bilateral deals with Egypt. Bonn has agreed to provide some \$200 million in capital assistance to Egypt over the next three years with export credit guarantees of about \$110 million. Half of the aid will be tied to specific projects; the remainder will be for purchase by Egypt of essential imports.

The amount of aid Chancellor Schmidt has offered to Cairo places Egypt second only to India as a recipient of West German aid and underscores the strong interest of the parsimonious Schmidt in improving relations with a government that has influence with the Arab oil producers.

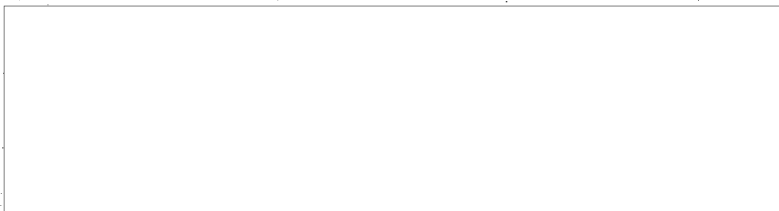
Danish Foreign Minister Guldberg is in Cairo, where he is expected to sign a \$7 million development loan and discuss future Danish technical aid to Egypt. The visit coincides with other moves by Copenhagen to foster relations with the Arabs; Denmark also has long had close ties with Israel.

FOR THE PRESIDENT ONLY

INDONESIA

President Suharto is said to be considering extensive cabinet changes in order to increase his personal control over the civilian bureaucracy and reduce the influence of Western-trained technocrats. This could well provoke further student protest and, over the longer run, erode his military support.

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MEXICO

President Echeverria today begins an 18-day swing to five South American capitals in an effort to boost his prestige as a leader of developing nations and strengthen Mexico's ties with its southern neighbors. He will be visiting Ecuador, Peru, Argentina, Brazil, and Venezuela.

Echeverria will be pushing his proposal for a "Charter of Economic Rights and Duties," which is being considered by the UN Conference on Trade and Development before it comes before the UN General Assembly in September. He will also be promoting further Latin American integration and unity. In public statements he may be critical of industrial nations as a group, and of the US in particular.

The Mexican President will also be urging each country to lift the OAS embargo against Cuba. After a series of ups and downs, Mexican relations with the Castro government are now quite warm. Recent visitors to Cuba have included members of the President's family.

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NOTES

France-India:

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South Korea: The government has released Catholic Bishop Chi Hak-sun, who had been held for four days on a charge of having supported a student conspiracy to overthrow the government. Chi was freed after Cardinal Kim met with President Pak. The Cardinal had been trying to negotiate Chi's release in order to defuse Catholic protests. The release may have been assisted by strong representations to the South Korean Foreign Ministry by the apostolic nuncio in Seoul.

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